Motoc, Adrian

Article

Family business image and reputation : a model of the influencing factors, actions, and effects

Management dynamics in the knowledge economy

Reference: Motoc, Adrian (2019). Family business image and reputation : a model of the influencing factors, actions, and effects. In: Management dynamics in the knowledge economy 7 (4/26), S. 503 - 519.
doi:10.25019/MDKE/7.4.04.

Management Dynamics in the Knowledge Economy
Vol.7 (2019) no.4, pp.503-519; DOI 10.25019/MDKE/7.4.04
ISSN 2392-8042 (online)

Family Business Image and Reputation. A Model of the Influencing Factors, Actions, and Effects

Adrian MOTOC
National University of Political Studies and Public Administration
30A Expozitiei Blvd., Bucharest, 012104, RO
adrian.motoc@facultateademanagement.ro

Abstract. *One of the key elements for family business success lies in the fact that they are being perceived as companies' part of the community with an approachable image, projecting a human figure, and contributing to the local economy. Nowadays, brands are not only offering functional but also emotional benefits, seeking to be distinguished as generating positive experiences. Family businesses are being associated with the socially emerging values of modern branding. Family companies have been traditionally recognized for their trustworthiness and integrity, but now they must pay more attention to their image and to develop an intelligent strategy to protect it and the company's reputation since it is an intangible asset, recognized and assessed by the stakeholders. The family business image and reputation are influencing the companies both financial and non-financial factors, these relations being the subject of several studies. This paper's purpose is to explore the knowledge surrounding these constructs and to integrate the findings into a more comprehensive model of the influencing factors and their relationships.*

Keywords: *family business; image; reputation; corporate communication.*

Introduction

Consumers perceive the decisions of purchasing newly branded items to be unsafe, as they can't asses the previous encounters with the item and its quality together with the company itself and subsequently facing a high level of uncertainty (Binz, Hair, Pieper, & Baldauf, 2013; Bratianu & Vătămănescu, 2018). When it comes to product acceptance, the image and the reputation of the company are viewed as the significant purposes behind purchaser decision, preferring to choose products from companies with a good reputation (Binz et al., 2013). One essential system for diminishing customer retention for family business products and services is trust, which can be obtained through a good image and reputation of the company (Blombäck & Botero, 2013).

Consumers leaning toward purchasing from retailers they trust is a reasonable desire (Orth & Green, 2009). Organizations that are family-owned are generally perceived to be more trustworthy contrasted with their nonfamily companies (Binz et al., 2013; Orth & Green, 2009). The expanding literature with respect to family firms demonstrates that family companies may get their key bit of leeway based on policies and practices that reason them to seem, by all accounts, to be all the more credible, reliable, and long-term oriented (Binz et al., 2013). Besides, those attributes appear to be transferable towards the products, as the family takes its name on the nature of their products (Orth & Green, 2009). However, the relevance of family business image and reputation is also influencing non-financial aspects such as their social status and social responsibilities, creating a more complex competitive advantage (Zellweger, Nason, Nordqvist, & Brush, 2013).

The purpose of this research is to present the existing knowledge about the family firm's image and reputation, providing a more comprehensive picture of them. It investigates the factors influencing the family business image and reputation and how it is being perceived by stakeholders. Additionally, it highlights the actions to be undertaken in developing the image and reputation of family businesses, along with the effects on both financial and non-financial aspects. It further contributes to the literature by introducing a model that better illustrates the relationships between these key factors. The paper is structured as follows. In the first part, the characteristics of the family business are presented, following the aspects describing family business image and reputation. Then the theoretical frameworks that have been used in family business research are being elaborated. The subsequent part describes how the family business is being perceived, followed by the influencing factors for family business image and reputation. Afterward, the actions and effects are being explained, leading to the development of the model part. The paper ends with conclusions and limitations.

Family business characteristics

Notwithstanding the question of identifying and portraying family businesses, the researchers accept as a definition for a family business, a family-owned and managed company (Sharma, Chrisman, & Chua, 1997). However, a family-run business' uniqueness is defined through more than these factors. Moreover, family business' characteristics are the manner in which strategies are developed and applied alongside ownership patterns (Sharma et al., 1997). Additionally, norms and values that control and characterize the family business, not the company's volume, also make a distinction between family and other types of businesses (Fletcher, Melin, & Gimeno, 2012). But what makes family businesses fundamentally peculiar is the interrelationship between the family system, management systems, and the ownership, although this may vary among companies. To understand deeply the family business one should understand the knowledge dynamics and the knowledge fields theory which reveal the importance of emotional and spiritual knowledge, and intergenerational knowledge transfer (Bratianu & Bejinaru, 2019; Lefter, Bratianu, Agapie, Agoston, & Orzea, 2011).

Another characteristic of the family business is the mixture of the different social capitals of the family and the company (Flethcer et al., 2012). The founder of the company is heavily involved in the decision-making process; it reflects an inherent distinction between family and nonfamily companies, thereby contributing to an increased focus on managing the business rather than relying on economic performance (Sharma et al., 1997). In fact, their ability to follow financial or non-financial business aims contributes to unexpected difficulties, due to their willingness to maintain their socio-emotional assets (Berrone, Cruz, & Gomez-Mejia, 2012). Notwithstanding, positive and negative outcomes are caused by several attributes, which are the family's history, shared identification, and the roles each member undertakes within the company (Fletcher et al., 2012). The family business performance depends heavily on the capacity of nonlinear integrators to transform the intellectual capital potential into the operational intellectual capital (Bratianu, 2013, 2018).

If properly managed, family business' individualities can bring forward a beneficial impact on business success as well as can considerably diminish the failure rate (Wilson, Wright, & Scholes, 2013). The several advantages amount to the emphasis on ownership, long-term alignment, and governance, sense of unity, powerful identity and commitment, shared vision, transgenerational wealth creation, and leadership stability the prove to be crucial in building the family business brand (Zattoni, Gnan, & Huse, 2015). Yet, if the same attributes are not handled properly, the company may be seriously damaged. Issues such as nepotism, the favoritism throughout the family, high tolerance for unqualified people and inequality of rewards, conservatism, along with the resulting conflicts between family members, may decrease the appealing face of the business for stakeholders (Zattoni et al., 2015).

Looking upon the corporate marketing viewpoint, the distinguishing features of family-run companies may have a considerable impact on the presentation and apprehension of corporate identity and product (Melewar & Karaosmanoglu, 2006). The business may separate itself from the market by having a personal touch and relying on the dimension of familiarity. Given the comprehensive marketing literature, special attention has only recently been dedicated to family business marketing and the special circumstances encompassing the subject, including family business image and reputation (Blombäck & Ramirez- Pasillas, 2012).

Family business image and reputation

The organizational image incorporates the emotional and psychological affiliations that are required by managers to hold about the company itself (Brown, Dacin, Pratt, & Whetten, 2006; Fombrun, 1996). Companies manipulate their identity through their transmitted messages, both formal and informal, to reach the desired state of understanding about the entity (Gioia, Schultz, & Corley, 2000). Consequently, family business brands encompass, to a certain degree, the assurance that an affiliation renders people reliant on the unique information, which family business owners communicate about the product in their attempts to achieve a distinction on the market, based on the company's family function, contributing to achieving a potential advantage towards the competitors (Brown et al., 2006; Gioia et al., 2000).

The image perception of a family-run company in a sender-based one is highlighting how family business owners portray their idea of their association (Gioia et al., 2000). The image viewpoint on the family business integrates the definition of the nature of the family for companies with internal and external audiences, such as how the family is represented, how it is advertised (Binz, Astrachan, & Astrachan, 2015), and how the family is emphasized in the conveyed communications (Micelotta & Raynard, 2011). However, the image perspective reflects on what senders are doing to manage and grow the image of their product. The image adds to the personality of the company, representing the perception that stakeholders outside the organization are expected to have towards the business (Binz et al., 2015). It is also important to envision the ideal version of a future image as a vision internally and externally (Gioia et al., 2000). Also, the image of a family-run business is impacted by the managers and owners of the firm, who are involved in an active way in the administration of their companies on a regular basis, choosing and managing personnel (Deephouse & Jaskiewicz, 2013).

The image and reputation of a business are determined by the individuals outside of it, the long-term orientation and consistent appraisal of the actions of a company after a period of time (Brown et al., 2006; Fombrun, 1996). The selection, management, and interpretation of family ownership progression by various stakeholders will cause the image and reputation of a distinguishable family firm to evolve (Kahlert, Botero, & Prügl, 2017; Lude & Prügl, 2016). A key to the proper understanding of the family business image and reputation can be considered the possibility that stakeholders can interpret various meanings from the communications conveyed by the family as well as the promotion of family ownership criteria (Lude & Prügl, 2016). The reputation of a family firm depicts the overall attitude of the various stakeholders of a family business about both the administration and the representation of family ownership compared to those from nonfamily businesses (Binz, Astrachan, Hair, & Wanzenried, 2014).

Corporate reputation has been studied prominently in management research, considered to be by researchers the company's overall appeal, together with its traits derived from past actions (Fombrun, 1996). Corporate reputation is considered to be a valuable asset for companies, providing them with a sustainable competitive advantage, further influencing their financial performance (Rindova, Williamson, Petkova, & Sever, 2005). This translates in practice into an increased willingness of the customer to purchase products from a business with a better reputation at a higher price (Fombrun, 1996). Moreover, a company with a better reputation encounters higher chances of finding networks and receiving financial resources compared to similar businesses with an inferior reputation (Rindova, Williamson, & Petkova, 2010). Also, job openings tend to receive more applications with a higher quality level of applicants (Chandler, Haunschild, Rhee, & Beckman, 2013). Despite being considered a valued intangible resource (Rindova et al., 2010), most of the studies have been conducted o large business and corporations, disregarding the small firms and especially family businesses. Lee and Roh's (2012) study suggests that a company's reputation is directly correlated with its rate of success. Since family businesses generally have a different approach to conducting business, having a long-term orientation, the owning family being integrated into the company, influences its image and reputation perceived by the stakeholders (Zellweger et al., 2013). As the family strives for the creation of unique and good image and reputation that will confer them a competitive advantage, there is also a reciprocity of this action, the relevance of the image and reputation not being limited to their influence of corporate success, but also on related non-financial goals, like family's social status (Zellweger, Kellermanns, Eddleston, & Memili, 2012).

The family's presence in the organization's management often leads to its reputation being established (Deephouse & Jaskiewicz, 2013; Zellweger et al., 2012). In fact, financial or non-financial problems can impair the revenue or invested capital, and also the company's and family's credibility due to the family or organization's competing concerns (Miller, Le Breton-Miller, & Scholnick, 2008). Family members who are deeply involved in the company and are linked to it see it as their own extension (Deephouse & Jaskiewicz, 2013). The organization name is usually associated with the name of the family that owns it (Craig, Dibrell, & Davis, 2008; Deephouse & Jaskiewicz, 2013). The powerful reputation and image of family members with the company creates a distinctive family business identity, which may be a competitive advantage over time, boosting the success of the business (Zellweger et al., 2012) and strengthening customer loyalty (Orth & Green, 2009).

Prior studies show that the existing connection between long-term inclination and performance is, to some extent, influenced by the reputation of the family business (Block & Wagner, 2014; Deephouse & Jaskiewicz, 2013). Family businesses that are oriented towards long-term goals may be proficient at modeling for their businesses a coherent and enduring image (Le Breton-Miller & Miller, 2006; Zellweger et al., 2012). Also, the patient firms that have long-term investment strategies may choose to create a family business reputation, as so they can convey their stable family legacy and traditional values (Berrone, Cruz, Gómez-Mejía, & Larraza-Kintana, 2010; Deephouse & Jaskiewicz, 2013). This may be the explanation of why family businesses are found more often to be trustworthy (Craig et al., 2008; Levenburg, 2006). In fact, it is indicated in the academic literature that the long-term focus of the firms is directly affecting their performance, after considering the image of the family firm (Craig et al., 2008; Zellweger et al., 2012).

In respect of the family business branding, the stakeholders that previous research has focused on can be considered the clients and employees of the company (Beck & Prügl, 2015; Botero, 2014). Compared to nonfamily businesses, consumers interpret as superior the overall reputation of the company, brand loyalty, manager's qualities, as well as the social and environmental responsibilities for the family business (Beck & Prügl, 2015; Kahlert et al., 2017). In addition, relational qualities, including trustworthiness and efficiency, are correlated by customers with family-run businesses, favoring their services and products (Binz et al., 2014). Family businesses that carry the name of the owner's family generally achieve better financial results since they are more customer-oriented and more socially responsible than nonfamily businesses as they want to preserve their family image (Beck & Prügl, 2015). Promoting a family name encourages a client-centered mentality and influences favorably to the image and growth of the company (Craig et al., 2008).

However, family-owned employers are viewed as distinctively than nonfamily employers, causing a specific level of business appeal (Blombäck & Botero, 2013). The most attracted job candidates to family businesses would be those who appreciate its preservation, self-transcendence, and workplace culture based on their personal choices (Binz et al., 2014; Hauswald, Hack, Kellermanns, & Patzelt, 2016). Opposingly, other job candidates perceive family businesses as lacking integrity and professional opportunities, as well as being resource-limited firms that depend on favoritism throughout the family (Botero, 2014). It suggests that people equate various features of nonfamily with family-owned businesses, most of whom perceive the family-owned business as more significant in the workplace setting (Ritz & Waldner, 2011).

Theoretical frameworks in family firms' image and reputation research

In investigating the family firms' image and reputation, various theoretical frameworks have been applied by researchers. As multiple theories have been used, various perspectives of the same factors and issues occurred. Thus, the interpretation must be made, taking into consideration the lenses used in establishing the context and clarifying the findings. The primary theoretical lens regarding the analysis of image and reputation in a family firm is the resource-based view, which considers these factors as being intangible resources that affect the company's performance and generate competitive advantage (Sieger, Zellweger, Nason, & Clinton, 2011). Blombäck and Botero (2013) are claiming that the reputation of the company facilitates the accessibility of resources and new business opportunities. Moreover, Orth and Green (2009) stated that the customer's loyalty is being influenced by the family firm's image, which is considered a valuable resource. A rather new concept undertook by researches in a family business study is the socio-emotional wealth, which synopsizes the total value families amass from a company, including non-financial ones, such as reputation (Berrone et al., 2010). Family firms are striving for socio-emotional wealth goals, and image and reputation are fostering socially responsible behaviors (Block & Wagner, 2014).

Another theoretical framework is the organizational identity, which represents the focal and enduring values and beliefs that individuals correlate with an association (Albert & Whetten, 1985). The owners of the family firm, particularly the incumbents, regularly view their organizations as an expansion of themselves and as an inheritance for the people to come (Berrone et al., 2010). The owning family's solid identification with the company prompts reputation related concerns. As a result, family members maintain a strategic distance from hurtful strategic policies that can harm the organization's notoriety (Zellweger et al., 2013).

The fundamental supposition of agency theory is that proprietors and supervisors have unique objectives, which can bring about the opportunistic conduct of managers. To adjust managers' objectives to their own, the owners acquire holding and observing costs, these being called agency costs (Jensen & Meckling, 1976). Family firms' reputation-related concerns and long- term orientation appear to urge them to esteem firm endurance and survival over the expansion of maximization of short-term wealth, which results in fewer agency clashes and expands resource accessibility (Yang, 2010). One last theoretical framework is the brand identity theory, which characterizes brand image as the general impression that a client holds a brand (Keller, 1993). These brand affiliations impact the clients' choices (Craig et al., 2008). Family firms are seen as brands in their very own privilege with explicit affiliations (Krappe, Goutas, & von Schlippe, 2011).

How family businesses are being perceived

Family businesses are defined as socially responsible, reliable, and client-oriented companies with solid connections to their communities. Generally, these businesses are considered good corporate citizens of the community they are part of (Krappe et al., 2011). The stakeholders often reflect the culture and long-term focus of family companies. Family businesses are therefore viewed as durable and fairly stable over time, even though these features are sometimes negatively perceived, such as inactivity (Krappe et al., 2011). Family companies were regarded negatively by clients from particular sectors, because of having a restricted selection of products, being secretive and maintaining high pricing compared to nonfamily companies (Orth & Green, 2009; Othman, Darus, & Arshad, 2011). Amongst other characteristics considered to be more positive, the family-run companies are known as being authentic, micro-companies, that function on a regional market (Krappe et al., 2011). They are also seen by potential employees, as profitable and competitive businesses with socially responsible leadership, however, the downside of the family firms is the less formalized organizational structures and restricted career prospects for nonfamily members (Botero, 2014). Nonetheless, Botero's (2014) research indicates that usually, the smaller family companies are strongly related to family firms as employer negative perceptions.

Most of the researchers exploring relationships with family businesses are asking respondents to offer their personal opinions of standard family-owned and managed businesses while failing to give any specific description of how they conceptualized family businesses for their study. Thus, generally, consumers and public stakeholders characterize their interactions only with micro, regional, family-owned and managed enterprises in commercial and tourism and travel sectors from Western developed states (Botero, 2014; Krappe et al., 2011). This is causing a lack of empirical data from other geographic regions. Krappe et al. (2011) discovered the different perceptions between small and large family companies. While the latter is viewed as extremely competitive and profitable, the small family businesses are usually seen as inefficient or organized in a hierarchical manner (Krappe et al., 2011). Furthermore, family businesses are less appealing for employers due to the smaller size of the company, which is correlated with fewer employment opportunities (Botero, 2014). However, qualities including social responsibility, reliability, client orientation, and local embedding can describe both small and large family firms, being their tangent points (Krappe et al., 2011).

The majority of the studies addressing features of family businesses have been carried out within Western countries and have found positive correlations among family firms. Deephouse and Jaskiewicz (2013) scrutinized both family and nonfamily businesses in eight different states that had various cultural backgrounds, concluding that family businesses typically have a better reputation than nonfamily ones. Also, by conducting research in the United States and China, Botero (2014) noticed that there is no distinction in the characteristics of these companies as employers.

On the other hand, Blodgett, Dumas, and Zanzi (2011) observed that when comparing the images depicted in business plans, the U.S. family companies prioritize reliability and integrity, whereas multinational family firms promote globalization, environmentalism, and social responsibility. Malaysian family businesses are characterized as secretive and highly restrictive (Othman et al., 2011). Additionally, based on data gathered from Russian family companies, these are represented as unethical, selfish, and dishonest by the mass media (Keplinger & Feldbauer, 2012). Consequently, the empirical data concerning culture's impact appears to be inconclusive. Furthermore, the stakeholders' attitudes towards family companies are affected by their qualities, comprising of their personal experiences with them, their level of education achieved, and their various personality traits (Hauswald et al., 2016). The study conducted by Hauswald et al. (2016) showed the candidates that are interested in family businesses are the ones attentive with others' needs and that prioritize sustainability rather than those who are willing to change and pursue self-enhancement. In fact, attitudes evidently derive from financial circumstances. Family businesses tend to be more appealing to job candidates in a crisis. The company's stability becoming essential to stakeholders (Krappe et al., 2011). The image of family businesses continues to be a valuable guide for customers with high levels of uncertainty (Beck & Kenning, 2015).

Influencing factors for family business image and reputation

In the development of the family business image and reputation compared to the nonfamily companies, the most frequently explored factor is the degree of family involvement. The family involvement in the management of the company helps in building a solid family firm image and protects the company's reputation (Memili, Eddleston, Kellermanns, Zellweger, & Barnett, 2010). Furthermore, the firm characteristics, as age, size, and financial performance, are contributing to the creation of a favorable image and reputation. One important factor related to the age of the family company is the generation involved in the organization, since it may influence its reputation (Miller & Le Breton-Miller, 2005). Compared to the incumbent, which targets are more performance and growth orientated, the successors are more concerned with the reputation of the company and its image within the community (Miller et al., 2008). Throughout generations, families strived to generate value and quality for their companies (Miller & Le Breton-Miller, 2005; Zellweger et al., 2012). Family companies' long-term orientation helps them to produce assets, such as a reputation and image of the family firm, build the social capital and establish a desirable brand instead of just short-term financial performance (Miller et al., 2008; Zellweger et al., 2012).

Another significant factor for reputation-related issues is the association of the family with the business. Integrating the family into the company allows the development of a family-based brand with a personal touch, thus generating a powerful family company image (Craig et al., 2008; Memili et al., 2010; Zellweger et al., 2012). As a result of naming the company after the family name, the members of the family are trying to maintain the identity of the firm unsullied (Zellweger et al., 2012). Nevertheless, the research regarding Switzerland's family firms conducted by Isakov and Weisskopf (2015) suggested that naming the company after the family has no relevant influence on the dividend plan. The family executives that feel strongly associated with their businesses assume personal accountability for the behavior against clients and the community (Uhlaner, van Goor-Balk, & Masurel, 2004). The strategies of family executives are usually affected by the urge to preserve the reputation of the business (Kammerlander & Ganter, 2015). By projecting the family name onto the family business image, the leaders become more gratified and identify with the company, thus making them more prone to invest, to create and maintain a positive image and improve the reputation of the organization (Zellweger et al., 2012).

In spite of the long history and traditions of some business businesses, the family provides consistency for these companies (Micelotta & Raynard, 2011). The background of a family adds up to the legitimacy of a family business identity and acts as a way of promoting families as part of the brand image (Blombäck & Botero, 2013). In addition, the reputation of a company is enhanced by a long background of reliable and socially responsible behavior, assuring the stakeholders' support (Perrini & Minoja, 2008).

Multiple features of a family business promote the development of the image of a family business and enable efforts to maintain and preserve its reputation. The views of the stakeholders form and influence the reputation of any business (Fombrun & Shanley, 1990). In order to establish a favorable image, the actions relating to the interaction between the business and its clients, staff, creditors, and other shareholders are crucial.

Vol.7 (2019) no.4, pp.503-519; www.managementdynamics.ro

Actions in developing the image and reputation

In order to develop a reputation, it is crucial to have strong connections with the stakeholders. Investors, staff, and community groups are interested in these relations. Thus, different types of activities were examined in order to please the plethora of interests. The strategy of voluntary disclosure, income plan (Isakov & Weisskopf 2015), taxation aggressiveness, and profit control was explored from the investor standpoint (Yang, 2010). Family businesses are likely to discriminate against outside investors, due to the ownership being concentrated within the family. Many studies from Asian countries focused on the propensity of family businesses towards restructuring (Yang, 2010). The conclusion of a study conducted on Switzerland's market-listed family-run companies was the fact that for family companies, the dividend payments were substantially greater than for nonfamily companies (Isakov & Weisskopf, 2015). A strong connection between a family business and its employees is crucial, considering that a supportive employer is the one who establishes good working conditions (Miller et al., 2008). Additionally, in order to improve the company's reputation and to establish strong bonds with the clients, families must have a reliable behavior and be actively involved in the company (Brown et al., 2006).

Family companies tend to avoid actions that may damage their reputation, prompting them to act in a socially responsible way with their stakeholders (Marques, Presas, & Simon, 2014). These companies are manifesting their socially responsible behavior in different ways, from philanthropic actions to conducts motivated by the family values, disregarding the economic benefits (Block & Wagner, 2014). Socially responsible behavior has been observed in different types of family companies, but the way it manifests is being influenced by the size of the company. Large companies act in a diversified and broader context, including environmental aspects as well as product-related ones, while the small family companies are focusing on the wellbeing of the community they are part of and one of their employees (Block & Wagner, 2014).

Family companies share their identity with stakeholders through different means of communication, thereby building a reputation and creating the image (Blombäck & Ramírez-Pasillas, 2012). They are utilizing different channels, like marketing materials and websites, to communicate their message. What differentiates them is the fact that family members and employees are also responsible for transmitting the identity and values of the company to the customers, them being closely related and more involved in the company (Craig et al., 2008). This led to family firms being perceived as customer-oriented companies, which positively influence the reputation. They aim to provide excellent customer service through both direct and indirect interactions, implementing new complementary services in order to increase the quality and protect their reputation (Binz et al., 2013).

Family business image and reputation effects

Many researchers have studied the correlation between reputation and firm performance, confirming that there is a positive effect of a family business reputation on its financial success. The identification of a family with the company appears to encourage the success of the firm, performing better in the social and economic fields, especially when the company and the family share the same name (Kashmiri & Mahajan, 2014). Thus, regarding the growth and financial goals, better outcomes are generated by family businesses, which create a family business identity (Gallucci, Santulli, & Calabrò, 2015; Memili et al., 2010; Zellweger et al., 2012). Also, financial success is achieved by integrating the reputation of the company into its strategic objectives (Basco, 2014; Lee & Marshall, 2013). However, businesses that are seeking to enhance their reputations significantly decrease their work quality (Danes, Loy, & Stafford, 2008). This conclusion was disputed in the longitudinal study conducted by Lee and Marshall (2013). They demonstrated that the former conclusions were not including all the parameters, such as the age of the companies in their comparison. Thus, by evaluating the same data set, proved that the companies were younger than the average demonstrated above-average growth in revenue by including improving their reputations in their strategic objectives. As a result, the conclusions were drawn by Danes et al., (2008) seem to be motivated by age rather than tactical orientation. The studies are indicating a positive impact of the image and reputation on business performance for all family businesses.

Any businesses' access to resources and products is facilitated by its solid reputation. In fact, as indicated by empirical studies on big and stock-listed family-ran companies, their financial capital is accessible under better conditions (Anderson, Mansi, & Reeb, 2003). However, research has shown that corporate social responsibility programs improve the reputation of a company and raise employee's allegiance and their contentment (Marques et al., 2014; Perrini & Minoja 2008). The perspective of the employees is inconsistent throughout the world. In Germany, for instance, communicating the family ownership and control to potential applicants facilitates employees' desire to work within a family business (Hauswald et al., 2016); at the other end of the spectrum, in the United States and also in China, this had no negative impact on the popularity of the family businesses for possible candidates, being an insignificant factor (Botero, 2014).

Establishing and communicating the image of a family business counts as a significant competitive advantage in relation to other companies, also contributing to the performance of the family business (Zellweger et al., 2012). Family-owned companies focus on building strong customer relationships (Binz et al., 2013; Levenburg, 2006). In the service industry and retail sectors there are positive effects generated by a superior family business image that demonstrate the customer-orientation being the core of each of its business decisions, leading to customer retention and further influencing them to address referrals to their friends (Sageder, Mitter, & Feldbauer-Durstmüller, 2018), increasing their willingness to try new products (Beck & Kenning, 2015), becoming trustworthy.

Most of the studies have assessed the family business image and identity impact on customer loyalty and financial performance, leaving the non-financial assets unevaluated. The scarce evidence demonstrates that a good family business reputation and image have a positive contribution to the company’s social capital, increasing the chances of receiving the community’s support in crisis situations and facilitating firm’s exposure to more business networks for both the incumbent and the future successors (Miller & Le Breton-Miller, 2005; Perrini & Minoja, 2008; Sorenson, Goodpaster, Hedberg, & Yu, 2009). Building a positive reputation for the family company guarantees the organization's status in the community they are part of, creating new opportunities for growth (Sieger et al., 2011). There is a differentiation between a small and a large family company, the former receiving more community support, while the latter has more access to business networks.

The image and reputation model of the family business

The level of family involvement in the business, the social relations and responsibility company has with its stakeholders, the family identification degree with the organization identity and image are influencing factors on the family business's reputation and image. These increase the desire to develop and maintain these two criteria, families seeking to implement relating actions. The organization's characteristics, especially its size and age, are also factors of influence. The ways family companies engage in developing their reputation and image is different up to a certain degree between large and small organizations, also the age plays an important role in the way stakeholders perceive the company and asses its reputation.

In order to enhance the organization's performance, in the long run, family owners develop social relations and set long-term goals. The family firm's image is the one transmitting these relationships to stakeholders (Memili et al., 2010). Based on how stakeholders perceive the communicated messages, actions are to be undertaken to influence the organization's reputation and build a strong family-based image.

Firstly, when compared to nonfamily businesses, family companies enjoy favorable reputations. The social responsibility and the trustworthiness of family businesses are mostly valued by stakeholders. Several factors have different impacts and manifest in distinct ways based on the ownership level, size of the company, and family's degree of involvement. This led to several differences between certain groups since family businesses are not a linear phenomenon. Family companies often fall into the category of small and medium enterprises. Thus they develop and communicate their reputation and image focusing on their proximate environment, while large family-owned companies direct their attention towards investor relations and public reputation. These factors have been categorized and merged into a model (Figure 1) that integrates the associations with family firms, the factors influencing the family firm's image and reputation, the actions to develop the firm's image and reputation, and the consequences following these actions.

From the organizational implications point of view, a good reputation has both financial and non-financial implications on family businesses and further helps to establish a competitive advantage. The cultural influence over the stakeholders in their assessment of family businesses is highly important, as some cultures attribute a positive connotation to family companies, while others tend not to be influenced or even assessing it as negative. In contexts where family businesses are being associated with unethical conduct and nepotism, the communication of family ownership must be done with caution. Family business image and reputation are key aspects in the development of social capital, which can, in the long-term, ensure the survival and growth of the company. In order to build this image and reputation, several courses of action are possible, leading to effects on the family company itself. Acting socially responsible and communicate with the stakeholders, fostering relationships with them are fundamental elements of a good reputation.

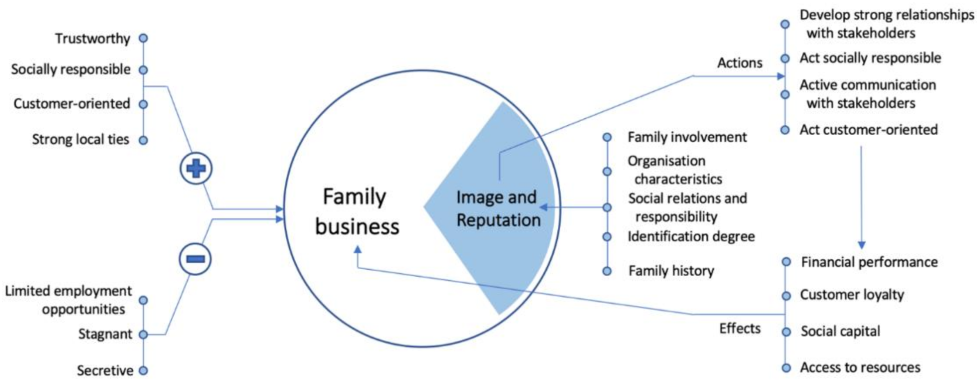

Figure 1. The family business image and reputation influencing factors, actions and effects model

Conclusions, limitations and future research

Most of the family companies have traditionally been cautious in their corporate communication strategies with a modest presence in the media, focusing almost exclusively on their offered products and services. Communication is considered a strategic resource for developing a sound reputation and image, increasing the competitiveness and performance of the company. In order to highlight their differential values, family businesses must take action towards enhancing their image and reputation, developing a communication strategy with a global vision. One of the challenges family businesses are facing is their ability to keep updated to the modernized communication solutions and conveying it to the communities they are part of, engaging the most significant stakeholders. In social networks, brands and companies are being established and also undermined, thus it is crucial for a business to participate in the conversation, generating an adequate narrative based on a clear and shared purpose. The image and reputation should be the cornerstone for the family business's corporate communication and storytelling since consumers perceive less differentiation in products and services yet acknowledge more differentiation in the good name and reputation of businesses.

As the purpose of this present research is to investigate the current state of research on image and reputation in family firms, consequently there will be limitations. One limitation comes from the fact that this paper explores the knowledge without conducting empirical research. Furthermore, influencing factors might have been overlooked, giving the opportunity for further studies to investigate and include them in the model. Consequently, since the perception of family businesses may be influenced by a regional and cultural factor, further studies could compare different regions, industries, identifying the impact of image and reputation. Moreover, gaps must be bridged in terms of literature review and research design.

References

Albert, S. & Whetten D.A. (1985). Organizational identity. *Research in Organisational Behaviour, 7*, 63–295.

Anderson, R.C., Mansi, S.A., & Reeb, D.M. (2003). Founding family ownership and the agency cost of debt. *Journal of Financial Economics, 68*(2), 263–285. doi: 10.1016/S0304-405X(03)00067-9.

Basco, R. (2014). Exploring the influence of the family upon firm performance: does strategic behavior matter?. *International Small Business Journal*, *32*(8), 967–995. doi: 10.1177/0266242613484946.

Beck, S., & Kenning, P. (2015). The influence of retailers' family firm image on new product acceptance. *International Journal of Retail Distribution Management, 43*(12), 1126–1143. doi: 10.1108/IJRDM-06-2014-0079.

Beck, S., & Prügl, R. (2015). Being perceived as a family firm and new product acceptance: An empirical analysis*. Academy of Management Proceedings*, *2015*(1), 14202. doi: 10.5465/ambpp.2015.14202abstract.

Berrone, P., Cruz, C., & Gómez-Mejía L.R. (2012). Socioemotional wealth in family firms: Theoretical dimensions, assessment approaches, and agenda for future research. *Family Business Review*, *25*(3), 258–279. doi: 10.1177/0894486511435355.

Berrone, P., Cruz, C., Gómez-Mejía L.R., & Larraza-Kintana, M. (2010). Socioemotional wealth and corporate responses to institutional pressures: do family-controlled firms pollute less? *Administrative Science Quarterly*, *55*(1), 82–113. doi: 10.2189/asqu.2010.55.1.82.

Binz, C., Astrachan, C., & Astrachan, J. (2015). *Family business branding: Leveraging stakeholder trust*. London, UK: IFB Research Foundation.

Binz, C., Astrachan, C., Hair, J., & Wanzenried, G. (2014). Assessing the attractiveness of family firm employers: An empirical exploration of managers' attitudes towards working in family-owned companies. Paper presented at the *14th annual IFERA world family business research conference*. Lappeenranta, Finland.

Binz, C., Hair, J.F., Pieper, T.M., & Baldauf, A. (2013). Exploring the effect of distinct family firm reputation on consumers' preferences. *Journal of Family Business Strategy*, *4*(1), 3–11. doi: 10.1016/j.jfbs.2012.12.004.

Block, J.H., & Wagner, M. (2014). The effect of family ownership on different dimensions of corporate social responsibility: Evidence from large US firms. *Business Strategy and the Environment*, *23*(7), 475-492. doi: 10.1002/bse.1798.

Blodgett, M.S., Dumas, C., & Zanzi, A. (2011). Emerging trends in global ethics: A comparative study of US and international family business values. *Journal of Business Ethics*, *99*(1), 29-38.

Blombäck, A., & Botero, I.C. (2013). Reputational capital in family firms: Understanding uniqueness from the stakeholder's point of view. In K.X. Smyrnios, P.Z. Poutziouris, & S. Goel (Eds.). *Handbook of research on family business* (pp.677–693). Cheltenham, UK: Edward Elgar Publishing.

Blombäck, A., & Ramírez-Pasillas, M. (2012). Exploring the logics of corporate brand identity formation. *Corporate Communications: An International Journal*, *17*(1), 7-28. doi: 10.1108/13563281211196335.

Botero, I.C. (2014). Effects of communicating family ownership and organisational size on an applicant's attraction to a firm: An empirical examination in the USA and

China. *Journal of Family Business Strategy*, *5*(2), 184-196. doi: 10.1016/j.jfbs.2014.01.004.

Bratianu, C. (2013). Nonlinear integrators of the organizational intellectual capital. In M. Fathi (Ed.), *Integration of practice-oriented knowledge technology: Trends and perspectives* (pp.3-17). Berlin, Germany: Springer.

Bratianu, C. (2018). Intellectual capital research and practice: 7 myths and one golden rule. *Management & Marketing. Challenges for the Knowledge Society*, *13*(2), 859-879. doi: 10.2478/mmcks-2018-0010.

Bratianu, C., & Bejinaru, R. (2019). The theory of knowledge fields: A thermodynamic approach. *Systems*, *7*(2), 1-12. doi: 10.3390/systems7020020.

Bratianu, C., & Vătămănescu, E.-M. (2018). The entropic knowledge dynamics as a driving force of the decision-making process. *The Electronic Journal of Knowledge Management*, *16*(1), 1-12.

Brown, T.J., Dacin, P.A., Pratt, M.G., & Whetten, D.A. (2006). Identity, intended image, construed image, and reputation: An interdisciplinary framework and suggested terminology. *Journal of the Academy of Marketing Science*, *34*(2), 99-106. doi: 10.1177/0092070305284969.

Chandler, D., Haunschild, P.R., Rhee, M., & Beckman, C.M. (2013). The effects of firm reputation and status on interorganizational network structure. *Strategic Organization*, *11*(3), 217-244. doi: 10.1177/1476127013478693.

Craig, J.B., Dibrell, C., & Davis, P.S. (2008). Leveraging family-based brand identity to enhance firm competitiveness and performance in family businesses. *Journal of Small Business Management*, *46*(3), 351-371. doi: 10.1111/j.1540-627X.2008.00248.x.

Danes, S.M., Loy, J.T.C., & Stafford, K. (2008). Business planning practices of family-owned firms within a quality framework. *Journal of Small Business Management*, *46*(3), 395-421. doi: 10.1111/j.1540-627X.2008.00250.x.

Deephouse, D.L., & Jaskiewicz, P. (2013). Do family firms have better reputations than non-family firms? An integration of socioemotional wealth and social identity theories. *Journal of Management Studies*, *50*(3), 337-360. doi: 10.1111/joms.12015.

Fletcher, D., Melin, L., & Gimeno, A. (2012). Culture and values in family business - A review and suggestions for future research. *Journal of Family Business Strategy*, *3*(3), 127-131. doi: 10.1016/j.jfbs.2012.06.001.

Fombrun, C. (1996). *Reputation: Realizing value from the corporate image*. Boston, MA: Harvard Business School Press.

Fombrun, C., & Shanley, M. (1990). What's in a name? Reputation building and corporate strategy. *Academy of Management Journal*, *33*(2), 233-258. doi: 10.2307/256324.

Gallucci, C., Santulli, R., & Calabrò, A. (2015). Does family involvement foster or hinder firm performance? The missing role of family-based branding strategies. *Journal of Family Business Strategy*, *6*(3), 155-165. doi: 10.1016/j.jfbs.2015.07.003.

Gioia, D.A., Schultz, M., & Corley, K.G. (2000). Organizational identity, image, and adaptive instability. *Academy of Management Review*, *25*(1), 63-81. doi: 10.2307/259263.

Hauswald, H., Hack, A., Kellermanns, F.W., & Patzelt, H. (2016). Attracting new talent to family firms: who is attracted and under what conditions?. *Entrepreneurship Theory and Practice*, *40*(5), 963-989. doi: 10.1111/etap.12153.

Isakov, D., & Weisskopf, J.P. (2015). Pay-out policies in founding family firms. *Journal of Corporate Finance*, *33*(C), 330-344. doi: 10.1016/j.jcorpfin.2015.01.003.

Jensen, M.C., & Meckling, W.H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of financial economics*, *3*(4), 305-360. doi: 10.1016/0304-405X(76)90026-X.

Kahlert, C., Botero, I.C., & Prügl, R. (2017). Revealing the family: Effects of being perceived as a family firm in the recruiting market in Germany. *Journal of Family Business Management*, *7*(1), 21-43. doi: 10.1108/JFBM-10-2015-0037.

Kammerlander, N., & Ganter, M. (2015). An attention-based view of family firm adaptation to discontinuous technological change: Exploring the role of family CEOs' noneconomic goals. *Journal of Product Innovation Management*, *32*(3), 361-383. doi: 10.1111/jpim.12205.

Kashmiri, S., & Mahajan, V. (2014). A rose by any other name: Are family firms named after their founding families rewarded more for their new product introductions?. *Journal of Business Ethics*, *124*(1), 81-99.

Keller, K.L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, *57*(1), 1-22. doi: 10.1177/002224299305700101.

Keplinger, K., & Feldbauer-Durstmueller, B. (2012). Representations of family businesses in Russian popular culture. *European Journal of Management*, *12*(1), 1-10.

Krappe, A., Goutas, L., & von Schlippe, A. (2011). The “family business brand”: an inquiry into the construction of the image of family businesses. *Journal of Family Business Management*, *1*(1), 37-46. doi: 10.1108/20436231111122272.

Le Breton–Miller, I., & Miller, D. (2006). Why do some family businesses out–compete? Governance, long–term orientations, and sustainable capability. *Entrepreneurship theory and practice*, *30*(6), 731-746. doi: 10.1111/j.1540-6520.2006.00147.x.

Lee, J., & Roh, J.J. (2012). Revisiting corporate reputation and firm performance link. *Benchmarking: An International Journal*, *19*(4/5), 649-664. doi: 10.1108/14635771211258061.

Lee, Y.G., & Marshall, M.I. (2013). Goal orientation and performance of family businesses. *Journal of family and Economic Issues*, *34*(3), 265-274.

Lefter, V., Bratianu, C., Agapie, A., Agoston, S., & Orzea, I. (2011). Intergenerational knowledge transfer in the academic environment of the knowledge-based economy. *Amfiteatru Economic, 13*(30), 392-403.

Levenburg, N.M. (2006). Benchmarking customer service on the internet: best practices from family businesses. *Benchmarking: An International Journal*, *13*(3), 355-373. doi: 10.1108/14635770610668839.

Lude, M., & Prügl, R. (2016). Effects of communicating the family firm status on brand perception: Insights from an experimental study. Paper presented at the *Annual European Academy of Management Conference,* Université Paris-Est Créteil Val de Marne, Paris, France.

Marques, P., Presas, P., & Simon, A. (2014). The heterogeneity of family firms in CSR engagement: The role of values. *Family Business Review*, *27*(3), 206-227. doi: 10.1177/0894486514539004.

Melewar, T.C., & Karaosmanoglu, E. (2006). Seven dimensions of corporate identity: A categorisation from the practitioners' perspectives. *European journal of marketing*, *40*(7/8), 846-869. doi: 10.1108/03090560610670025.

Memili, E., Eddleston, K.A., Kellermanns, F.W., Zellweger, T.M., & Barnett, T. (2010). The critical path to family firm success through entrepreneurial risk-taking and image. *Journal of Family Business Strategy*, *1*(4), 200-209. doi: 10.1016/j.jfbs.2010.10.005.

Micelotta, E.R., & Raynard, M. (2011). Concealing or revealing the family? Corporate brand identity strategies in family firms. *Family Business Review*, *24*(3), 197-216. doi: 10.1177/0894486511407321.

Miller, D., & Le Breton-Miller, I. (2005). Management insights from great and struggling family businesses. *Long Range Planning*, *38*(6), 517-530. doi: 10.1016/j.lrp.2005.09.001.

Miller, D., Le Breton-Miller, I., & Scholnick, B. (2008). Stewardship vs. stagnation: An empirical comparison of small family and non-family businesses. *Journal of management studies*, *45*(1), 51-78. doi: 10.1111/j.1467-6486.2007.00718.x.

Orth, U.R., & Green, M.T. (2009). Consumer loyalty to family versus non-family business: The roles of store image, trust, and satisfaction. *Journal of Retailing and Consumer Services*, *16*(4), 248-259. doi: 10.1016/j.jretconser.2008.12.002.

Othman, S., Darus, F., & Arshad, R. (2011). The influence of coercive isomorphism on corporate social responsibility reporting and reputation. *Social Responsibility Journal*, *7*(1), 119-135. doi: 10.1108/17471111111114585.

Perrini, F., & Minoja, M. (2008). Strategizing corporate social responsibility: evidence from an Italian medium-sized, family-owned company. *Business Ethics: A European Review*, *17*(1), 47-63. doi: 10.1111/j.1467-8608.2008.00519.x.

Rindova, V.P., Williamson, I.O., & Petkova, A.P. (2010). Reputation as an intangible asset: Reflections on theory and methods in two empirical studies of business school reputations. *Journal of Management*, *36*(3), 610-619. doi: 10.1177/0149206309343208.

Rindova, V.P., Williamson, I.O., Petkova, A.P., & Sever, J.M. (2005). Being good or being known: An empirical examination of the dimensions, antecedents, and consequences of organizational reputation. *Academy of management journal*, *48*(6), 1033-1049. doi: 10.2307/20159728.

Ritz, A., & Waldner, C. (2011). Competing for future leaders: A study of attractiveness of public sector organizations to potential job applicants. *Review of Public Personnel Administration*, *31*(3), 291-316. doi: 10.1177/0734371X11408703.

Sageder, M., Mitter, C., & Feldbauer-Durstmüller, B. (2018). Image and reputation of family firms: a systematic literature review of the state of research. *Review of Managerial Science*, *12*(1), 335-377. doi: 10.1007/s11846-016-0216-x.

Sharma, P., Chrisman, J.J., & Chua, J.H. (1997). Strategic management of the family business: Past research and future challenges. *Family business review*, *10*(1), 1-35. doi: 10.1111/j.1741-6248.1997.00001.x

Sieger, P., Zellweger, T., Nason, R.S., & Clinton, E. (2011). Portfolio entrepreneurship in family firms: a resource-based perspective. *Strategic Entrepreneurship Journal*, *5*(4), 327-351. doi: 10.1002/sej.120

Sorenson, R.L., Goodpaster, K.E., Hedberg, P.R., & Yu, A. (2009). The family point of view, family social capital, and firm performance: An exploratory test. *Family Business Review*, *22*(3), 239-253. doi: 10.1177/0894486509332456.

Uhlaner, L.M., van Goor-Balk, H.J.M., & Masurel, E. (2004). Family business and corporate social responsibility in a sample of Dutch firms. *Journal of Small Business and Enterprise Development*, *11*(2), 186-194. doi: 10.1108/14626000410537128.

Wilson, N., Wright, M., & Scholes, L. (2013). Family business survival and the role of boards. *Entrepreneurship Theory and Practice*, *37*(6), 1369-1389. doi: 10.1111/etap.12071.

Yang, M.L. (2010). The impact of controlling families and family CEOs on earnings management. *Family Business Review*, *23*(3), 266-279. doi: 10.1177/0894486510374231.

Zattoni, A., Gnan, L., & Huse, M. (2015). Does family involvement influence firm performance? Exploring the mediating effects of board processes and tasks. *Journal of Management*, *41*(4), 1214-1243. doi: 10.1177/0149206312463936.

Zellweger, T.M., Kellermanns, F.W., Eddleston, K.A., & Memili, E. (2012). Building a family firm image: How family firms capitalize on their family ties. *Journal of Family Business Strategy*, *3*(4), 239-250. doi: 10.1016/j.jfbs.2012.10.001.

Zellweger, T.M., Nason, R.S., Nordqvist, M., & Brush, C.G. (2013). Why do family firms strive for nonfinancial goals? An organizational identity perspective. *Entrepreneurship Theory and Practice*, *37*(2), 229-248. doi: 10.1111/j.1540-6520.2011.00466.x.

Received: September 10, 2019
Accepted: November 11, 2019